Exhibit A

MINERALS MANAGEMENT SERVICE/TEXAS GENERAL LAND OFFICE JOINT ROYALTY IN KIND PROJECT

BUSINESS MANAGEMENT PLAN OCTOBER 1998

This document comprises a business plan to manage the joint royalty in kind (RIK) pilot project (Pilot) conducted by the Minerals Management Service (MMS) and the Texas General Land Office (GLO) - collectively referred to as the Parties - for natural gas royalty volumes for select 8(g) leases off the coast of Texas. This document is an attachment to a Cooperative Agreement between MMS and GLO that documents the principles, procedures, obligations, and responsibilities of the Parties in the conduct of the Pilot.

The objective of this Business Management Plan (Plan) is to provide the policy and procedures for both Parties to use in the joint conduct of the project. The MMS and GLO understand that the Plan is a living document, subject to change, and that the project is a test/pilot program. Changes to the Plan will be made consistent with the Cooperative Agreement on an ad hoc basis when the Parties agree to make changes in response to project situations. The Plan addresses the following topics:

- Project Summary/Framework;
- Project Start-Up;
- End-User Customer Identification;
- Spot Sales;
- Sales Contracts;
- Delivery Points/Gathering/Transportation;
- Nominating/Shipping/Balancing;
- Revenue Collection/Payment;
- Production and Financial Verification/Enforcement; and
- Performance Assessment.

A. PROJECT SUMMARY/FRAMEWORK

The primary objectives of the project are to increase direct revenues to the MMS/State and to develop in-house expertise needed for RIK in general and MMS' large offshore natural gas pilot project in particular. These objectives will be met by taking natural gas royalty volumes from 8(g) leases offshore Texas, and:

- Supplying Federal agencies/institutions with Federal gas;
- Strategically selecting specific 8(g) properties for pilot inclusion;
- Applying GLO RIK practices to Federal gas;
- Exposing MMS employees to GLO RIK practices; and
- Exploring additional marketing and sales niches.

Term. The term of the Project is set forth in Article III of the Cooperative Agreement.

Sales Methods. The project will initially focus on three sales disposition methods: 1) direct sales contracts with Federal/State end-user customers for base loads; 2) spot sales of excess and/or swing volumes to private customers; and 3) exchange of gas volumes to reduce transportation charges. Other sales dispositions, including power exchange/marketing, may be explored later in the project.

Lease Selection. Individual 8(g) leases will be selected for inclusion in the pilot based on base/swing load needs and anticipated revenue enhancement potential. The magnitude of the project will start out small and is expected to increase with the number of customers served. MMS and GLO will work together in selecting the leases, using such criteria as current royalty receipts and current and potential future transportation rates.

Project Locations and Roles. Pursuant to the Cooperative Agreement, project activities will be performed in the following locations:

- Austin, TX: Located in GLO offices, a combination of GLO personnel and one MMS FTE will jointly perform the following functions: 1) customer identification; 2) spot sales; 3) nomination/shipping/balancing/verifying royalty gas volumes; 4) assistance and support in sales/transportation contract negotiations; 5) invoicing end user customers; 6) electronic reporting of volumes and revenues to MMS in Lakewood, CO; and 7) reporting to project management on performance.

- Lakewood, CO and Washington, DC: Located in MMS offices, MMS personnel will perform the following functions: 1) customer identification; 2) source supply identification; 3) Federal end-user negotiation and contracting; 4) revenue collection and disbursement; 5) production verification; 6) contract approval, execution and enforcement; and 7) overall project management.

B. PROJECT START-UP

The project structure is anticipated to be in place by November 1, 1998, and in-kind gas volumes are expected to be taken no earlier than December 1, 1998. To meet these dates, a project start-up phase will occur, comprised of the following activities at a minimum.

- Data Initialization: MMS will identify: 1) all Texas 8(g) leases; 2) operators for Texas 8(g) leases; 3) average daily royalty production volumes by lease for the past year; 4) basis for in value royalties by lease for the past year in relation to indices; 5) applicable indices; and 6) applicable gathering systems and pipelines. These data will be identified for use by the Parties upon completion by staff and the MMS contractor.

- MMS FTE Relocation: Subject to personnel and budgetary constraints, MMS will identify and locate at its expense one MMS FTE in GLO's Austin offices to work on natural gas shipping, marketing, and verification activities for both MMS and State royalty volumes. GLO will provide an office, telephone service, and clerical/secretarial support for non-routine matters. MMS will provide computer support, including access to gas indices and MMS' systems. Subject to the above constraints, MMS' FTE will be in place in the GLO Austin office in early 1999.

C. END-USER CUSTOMER IDENTIFICATION

A significant component of the project is the identification and exploitation of opportunities to supply Federal/State natural gas customers with Federal Texas 8(g) royalty gas at savings from prices charged by gatherers, transporters, and/or local distribution companies (LDCs). In this project, MMS will identify Federal end-users of natural gas and their baseload needs. GLO will do the same for State end users of natural gas. MMS may also independently identify and supply Federal end user customers through a government agency specializing in government energy services (e.g., General Services Administration). Initially, MMS will focus mostly on locating and supplying Federal end-user customers in Texas; however, with time, this process may expand to such customers throughout the country.

The first step in customer identification will be to conduct an inventory of Federal/State end-user customers in Texas, identifying their locations, baseload needs, current LDC, and supply pipeline(s). Evaluation of the potential for successful supply of these customers through direct sales of 8(g) gas royalty volumes will ensue.

After project start-up, MMS and GLO will continue to communicate with Federal/State end-users to assess natural gas needs and potential for inclusion in the project. As the project evolves, both MMS and GLO will examine the potential for sales of 8(g) natural gas to electrical generators and to Federal/State end-user customers of electricity.

D. END-USER SALES CONTRACTS

The Parties will jointly negotiate with Federal/State end-user gas customers that have potential for successful gas supply contracts. GLO will provide technical marketing and sales expertise in these negotiations. MMS will have final approval authority over all contracts. The Parties will focus on the following gas contract attributes:

- Term supply contracts supplying baseload needs for a 1- to 2-year term;
- Provisions for terminating the contracts with 90-day notice;
- Supply from leases with low current unit prices or high transportation rates;
- Negotiated prices based in relation to indices; and
- Negotiated prices not less than current royalty unit prices.

GLO and MMS will use a combination of oral competitive bids and/or negotiation with end-users for natural gas sales/supply, consistent with statutory requirements, good busines practices, and standards in the gas supply industry.

End-user contracts will focus on delivery of gas directly to the end-users' facilities, with the sales prices including transportation charges. Contracts will clearly state that the price to be paid by the end user customer includes all transportation costs from the lease to the customers facilities. The Parties will seek to reasonably maximize sales revenues. End-users will seek to secure savings from current LDC gas prices. Thus, MMS and GLO anticipate that not only will direct revenues to the Federal Treasury and State of Texas be increased but also utility savings will be realized for Federal agencies.

To the extent that State agencies become potential customers for Pilot gas, the State will take the lead in identifying such needs, and both Parties will jointly competitively-bid and/or negotiate potential contracts.

E. SPOT SALES

Baseload needs for the end-user contracts discussed above are expected to vary somewhat during the course of the 1- to 2-year contract term. Further, production volumes from specific leases will also vary over time. To ensure adequate supply for end-user customers, leases will be selected based not only on the potential for unit price increases under in kind sales, but also so that a sufficient amount of excess gas is available to cover variable needs and production declines.

This approach requires a program for spot market sales of volumes not sold directly to end-user customers. The GLO operates such a program for its State gas RIK volumes. Excess RIK gas volumes will be sold through the current GLO program by GLO and MMS staff in the Austin office. The program consists of continual expertise on spot market prices, establishing relationships with numerous gas marketers, and a monthly competitive bidding through telephone surveys of the gas marketers to identify their offers for the excess volumes. After identification of the best spot sales offer, the GLO and MMS staff in Austin will transact the sales. Terms are monthly.

Monthly excess gas volumes and their locations will be identified by the Austin office by the 15th of the month for volume of gas expected to be sold for the following sales month. Unless prior arrangements to the contrary have been made, all gas is sold at the wellhead to the highest bidder.

F. DELIVERY POINTS AND TRANSPORTATION

The point at which lessees deliver royalty gas volumes will be either the royalty meter at the lease or the first major pipeline interconnect onshore. Identification of the location of this specific point will follow from discussions between lease operators and MMS.

MMS will require the lease operator to delivery royalty gas at the delivery point in marketable condition as defined in MMS current regulations - i.e., as a separated, identifiable gas product, at pressures and conditions acceptable to purchasers typical in the area.

Transportation Upstream of the Delivery Point. Lessees are responsible for moving Federal gas and all associated costs of movement of natural gas from the well to the royalty meter. For any delivery by lessees at downstream points, responsibilities will be negotiated with lessees on an ad hoc basis.

MMS is responsible for production verification upstream of the delivery point through the production/sales comparisons described more fully below.

Transportation Downstream of the Delivery Point. For all spot sales and end-user sales contracts specifying a sales point at the lessee's delivery point (i.e., either the platform or first major pipeline interconnect), all downstream movement of gas will be the responsibility of the purchaser. However, where end-user sales points are at or behind downstream citygates, GLO and MMS staff in the Austin office are responsible for conducting transportation contract negotiations, with MMS having final approval authority over such contracts. GLO and MMS staff in Austin also will be responsible for nominating, balancing, and verifying volumes. The costs for transportation downstream of the delivery point will be the contractual responsibility of the end user customer. The specific party that will transfer payment to pipeline companies is not now identified. This issue will be resolved as the project evolves.

G. NOMINATING/SHIPPING/BALANCING

The GLO/MMS Austin staff will obtain production estimates from lease operators monthly. The royalty percentage of monthly lease production equals the Available Gas (AG). Gas Requirements (GR) are determined by reviewing end user's historical gas usage data. If GR exceeds AG, spot sale volumes will be pulled for the end user program. If AG exceeds GR, excess volumes are sold in the spot sale program. Each pipeline has a deadline date for accepting nominations for first of the month deliveries. The pipeline gas controller is notified of volumes for shipping. Nomination procedures are defined in each transportation contract.

Imbalance statements are received from pipeline companies showing receipt volumes, delivery volumes, and monthly/cumulative imbalances. Pipeline receipt volumes are verified using the month's operator volume or pipeline statements. Pipeline delivery volumes are verified using either GLO billing volumes or downstream pipeline statements. The means for resolving imbalances varies by transportation contract.

H. REVENUE COLLECTION AND DISTRIBUTION

All revenues from sales of RIK gas in the project will be collected and distributed to appropriate accounts by MMS' Royalty Management Program (RMP).

I. REPORTING AND PAYMENT

Production Reporting: Operators of properties selected to supply royalty gas for the project will continue to report production volumes under the status quo reporting system/format. Reports will be submitted to the RMP 45 days after the end of the production month. MMS' on-site FTE will be furnished access to RMP automated systems.

Financial Reporting: End users will be invoiced monthly by the GLO/MMS Austin staff who will also submit monthly sales reports to MMS/RMP offices in Lakewood, CO on either the MMS RIK Excel spreadsheet or MMS Form 2014 format. Separate monthly data entries for gas sales and transportation costs will be reported. GLO/MMS staff in Austin, TX will have automated access to these reports in RMP systems. GLO/MMS staff in Austin, TX will also send a copy of the monthly customer invoices and pipeline invoices to MMS/RMP offices in Lakewood, CO.

End users will be instructed to submit monthly payment and accompanying invoice copies to MMS/RMP offices in Lakewood, CO. MMS/RMP will use the invoice, royalty report, and payment to identify transportation costs.

J. VERIFICATION AND ENFORCEMENT

Production Verification: The MMS' RMP will use its existing PAAS/AFS volume comparisons at an accelerated pace to verify that all volumes were reported. Specifically, the Austin GLO/MMS staff will compare production reports (described above) to the Excel spreadsheet format reports. Results of the imbalance monitoring will assist in resolving discrepancies.

Revenue Verification: The MMS/RMP in Lakewood, CO will conduct all financial verification as to end-user payment.

Enforcement: All enforcement actions will be taken by the MMS, RMP in Lakewood, CO.

J. PERFORMANCE ASSESSMENT

A variety of the GLO process to measure the end user program performance will be used. In the GLO program, performance is measured in two ways: 1) revenue uplift in comparison to the operator's receipts determined by telephone survey; and 2) savings from utility bills. In the MMS/GLO project, operators' receipts may be determined by the GLO method or by using the relevant index as a proxy. Savings on utility bills will be identified from surveys of the end users, gas pipelines, or LDCs.

The spot sales program performance will be assessed simply against the relevant index.